



## Decision

**Matter of:** Architect of the Capitol—Permissibility of Contract Payments

**File:** B-334219

**Date:** February 26, 2026

---

### DIGEST

Congress established a trust fund for the revitalization of major historical buildings and assets of the House of Representatives. The Architect of the Capitol (AOC) obligated amounts from the trust fund for a design and construction contract to renovate the Cannon House Office Building. The purpose of the contract was consistent with the purpose availability of the trust fund amounts, and the contract both contained and incorporated provisions to help ensure that AOC would pay only those invoiced amounts that bore a sufficient nexus to the contract. Accordingly, AOC satisfied the purpose statute when it obligated and expended amounts for the contract. Further determinations on the allowability of costs reimbursed under the contract should be carried out through the contract administration process.

---

### DECISION

The Architect of the Capitol (AOC) Inspector General requested our decision on whether AOC properly used funds in accordance with all law, statutes, orders, and rules when AOC incurred costs related to the Cannon House Office Building Renewal project (Cannon project).<sup>1</sup> The Inspector General also asked whether AOC exceeded its authority by obligating, expending, or authorizing funds exceeding the amount available to the Cannon project appropriation or fund and would therefore be in violation of appropriations law or other applicable statutes or orders.<sup>2</sup>

We met with AOC Office of Inspector General (OIG) officials to focus the scope of our legal decision since there is a large universe of transactions reimbursed under

---

<sup>1</sup> Letter from Inspector General, AOC, to Comptroller General (Apr. 8, 2022) (Request Letter).

<sup>2</sup> Request Letter, at 3.

the Cannon project.<sup>3</sup> AOC OIG was concerned that AOC had reimbursed its contractor for unallowable costs on the Cannon project. Additionally, AOC OIG stated that, according to AOC, because the agency had reached a settlement with the contractor near the completion of Phase 1 of the Cannon project, the agency could not recover a portion of the unallowable costs identified. AOC OIG agreed to select a sample of specific transactions representative of its concerns for our review. Ultimately, AOC OIG selected four transactions from Phase 1 of the Cannon project for us to evaluate specifically.<sup>4</sup> In the four selected transactions, AOC paid invoices that itemized contractor expenses including travel, food, worker appreciation gifts, and research.<sup>5</sup>

In accordance with our regular practice, we contacted AOC to seek factual information and its legal views on this matter.<sup>6</sup> AOC responded with its explanation of the pertinent facts and legal analysis.<sup>7</sup> AOC subsequently provided the Cannon project contract along with additional information pertaining to AOC pay application processes.<sup>8</sup>

## BACKGROUND

AOC is responsible for the maintenance, operation, development, and preservation of the U.S. Capitol campus, including the House and Senate office buildings.<sup>9</sup> Built

---

<sup>3</sup> Telephone Conversation with Counsel to the Inspector General and Assistant Inspector General of Operations, AOC OIG, Assistant Inspector General for Audits, AOC OIG, Assistant General Counsel for Appropriations Law, GAO, and Staff Attorney, GAO (Aug. 15, 2022).

<sup>4</sup> E-mail from Senior Auditor, AOC OIG, to Senior Staff Attorney, GAO, *Subject: Request for Assistance – GAO to Provide Legal Opinion* (Sept. 14, 2022).

<sup>5</sup> E-mail from Senior Auditor, AOC OIG, to Senior Staff Attorney, GAO, *Subject: Request for Assistance – GAO to Provide Legal Opinion, Attachment* (Sept. 14, 2022) (Selected Transactions).

<sup>6</sup> GAO, *GAO's Protocols for Legal Decisions and Opinions*, GAO-24-107329 (Washington, D.C.: Feb. 21, 2024), available at <https://www.gao.gov/products/gao-24-107329>; Letter from Assistant General Counsel for Appropriations Law, GAO, to General Counsel, AOC (Nov. 1, 2022).

<sup>7</sup> Letter from General Counsel, AOC, to Assistant General Counsel for Appropriations Law, GAO (Dec. 12, 2022) (Response Letter).

<sup>8</sup> Letter from General Counsel, AOC, to Assistant General Counsel for Appropriations Law, GAO (Feb. 10, 2023) (February Response Letter); February Response Letter, Attachment (Pay Application Narrative).

<sup>9</sup> Request Letter, at 1; see *generally* 2 U.S.C. ch. 28, subch. II.

in 1906, the Cannon House Office Building is part of the Capitol campus in Washington, D.C.<sup>10</sup> Today, the building is occupied by the House of Representatives with member suites, committee support offices, and utility support space.<sup>11</sup>

Around 2004, AOC began developing a project to renovate the Cannon House Office Building to preserve its historic character while improving its functionality.<sup>12</sup> AOC scheduled the Cannon project to take approximately ten years over five phases of work.<sup>13</sup> The Cannon project entailed substantial reconfiguration of member suites; refurbishment of windows; installation of a new roof; preservation of the building's stone exterior; and replacement of plumbing, heating, cooling, fire protection, electrical, and alarm systems, among other things.<sup>14</sup>

For construction on the Cannon project, AOC entered into a contract with a joint venture between two construction companies on October 31, 2012.<sup>15</sup> The scope of the contract was design assistance and preconstruction services, along with additional contract options for a preinstallation phase, four periods of staged construction, and a closeout option.<sup>16</sup> Under the contract, the contractor was responsible for furnishing all necessary personnel, material, equipment, services, and any facilities for the Cannon project preinstallation and staged construction phases based on a guaranteed maximum price.<sup>17</sup>

---

<sup>10</sup> Request Letter, at 1.

<sup>11</sup> Request Letter, at 1.

<sup>12</sup> GAO, *Architect of the Capitol: Efforts Have Begun to Update Cannon House Office Building's Renovation Cost and Schedule Estimates*, GAO-21-105363, at 1–2 (Aug. 5, 2021) (GAO-21-105363).

<sup>13</sup> AOC OIG, *Audit of the Cannon House Office Building Renewal Project's Reimbursable Costs*, OIG-AUD-2021-04 (June 8, 2021) (2021 AOC OIG Report).

<sup>14</sup> GAO-21-105363, at 2–3.

<sup>15</sup> AOC Contract No. AOC13C2002, Oct. 31, 2012 (Contract). AOC also contracted with an architecture and engineering firm for design services and consultation during construction as well as a Construction Manager as Agent for administrative and technical support in managing the construction work on the Cannon project. GAO-21-105363, at 3.

<sup>16</sup> Contract, at C.1.1.

<sup>17</sup> Contract, at B.5.4. A guaranteed maximum price (GMP) means the maximum amount AOC would pay for the performance of the work specified in the contract for which the GMP is the relevant pricing structure. If the contractor's costs were to  
(continued...)

Work performed by the contractor was to be paid on a reimbursable basis based on the contractor's actual incurred costs and completion of work.<sup>18</sup> On a monthly basis, the contractor would submit a pay application to AOC, which consisted of an invoice along with supporting documentation showing actual costs incurred and work performed. AOC would review the pay application and communicate any necessary revisions to the contractor.<sup>19</sup> Once AOC approved the pay application, the contractor would be paid.

In 2020, AOC OIG initiated an audit to review the costs the contractor invoiced for its work on the Cannon project.<sup>20</sup> Specifically, AOC OIG reviewed a sample of labor and non-labor transactions that the contractor billed for Phase 1 and Phase 2 of the Cannon project.<sup>21</sup> In the course of the audit, AOC OIG identified \$54,246 in unallowable costs paid to the contractor.<sup>22</sup> AOC OIG recommended that AOC recover the \$54,246 and strengthen its review process for small-dollar reimbursable cost transactions to help ensure the contractor would not include, and AOC would not approve, unallowable costs in the future.<sup>23</sup> In response, AOC stated that it was unable to recover \$31,157 of the unallowable costs from Phase 1 of the Cannon project because the costs were part of a negotiated settlement of requests for equitable adjustment.<sup>24</sup> Among these unrecoverable costs were transactions where

---

exceed the GMP, the contractor would be responsible for the excess costs in almost all circumstances. Contract, at C.6.P.

<sup>18</sup> Pay Application Narrative; Contract, at G.5.1.

<sup>19</sup> Pay Application Narrative; see also 2021 AOC OIG Report, at 3–4 (providing a detailed description of the Cannon project monthly payment application process).

<sup>20</sup> 2021 AOC OIG Report, at 1; see also Request Letter, at 2.

<sup>21</sup> 2021 AOC OIG Report, at 23. Phase 1 renovations took place from January 2017 through December 2018. AOC formally closed out the Phase 1 construction contract in November 2020. AOC OIG, *Semiannual Status Update on Cannon House Office Building Renewal (CHOB) Project, Reporting Period Ending December 31, 2022*, OIG-AUD-2023-03, at 2 (Mar. 28, 2023).

<sup>22</sup> 2021 AOC OIG Report, at 6, 8–10.

<sup>23</sup> *Id.* at 12–13. AOC received a credit for \$21,490 from the contractor for unallowable costs billed under Phase 2, plus applicable overhead and fees. *Id.*

<sup>24</sup> *Id.* at 13. In the event of a change within the general scope of the contract resulting in an increase or decrease in the contractor's cost of, or the time required for, performance of the work under the contract, the contractor was permitted to submit a request for equitable adjustment to modify the contract price, delivery schedule, or any affected provisions of the contract. AOC and the contractor would  
(continued...)

the invoices listed expenses for travel, food, worker appreciation gifts, and research.<sup>25-26</sup>

To fund the relevant phase of the Cannon project contract, AOC obligated its House Historic Buildings Revitalization Trust Fund (Trust Fund).<sup>27</sup> Established as part of the Legislative Branch Appropriations Act, 2010, amounts in the Trust Fund “shall be used by [AOC] for the revitalization of the major historical buildings and assets of the House of Representatives which the Architect is responsible for maintaining and preserving.” Pub. L. No. 111-68, div. A, title I, § 1304(b), 123 Stat. 2023, 2035 (Oct. 1, 2009); 2 U.S.C. § 1870(b). Congress appropriated \$50 million to the Trust Fund initially and continued to appropriate amounts annually thereafter. See, e.g., Consolidated Appropriations Act, 2012, Pub. L. No. 112-74, div. G, title I, 125 Stat. 786, 1127 (Dec. 23, 2011) (appropriating \$30 million to the Trust Fund); Pub. L. No. 111-68, 123 Stat. at 2033 (providing initial appropriation). Amounts transferred to and merged with or otherwise deposited into the Trust Fund remain available until expended. 2 U.S.C. § 1870(c).

## DISCUSSION

At issue here is whether AOC complied with the purpose statute when it obligated and expended its appropriations for the Cannon project contract.

Under the purpose statute, an agency may obligate appropriations only for the purposes for which they were provided. 31 U.S.C. § 1301(a). To determine the purpose of an appropriation, the starting point is the plain meaning of the statute. B-322062, Dec. 5, 2011; B-318831, Apr. 28, 2010. Where statutory language is clear and unambiguous, the plain meaning of that language controls. *Carciari v. Salazar*, 555 U.S. 379, 387 (2009); *United States v. American Trucking Ass'ns.*, 310 U.S. 534, 543 (1940) (“There is, of course, no more persuasive evidence of the

---

negotiate the amount and modify the contract in writing accordingly. Contract, at 146–47.

<sup>25</sup> Selected Transactions; 2021 AOC OIG Report, at 9, 13.

<sup>26</sup> As a follow up to the 2021 audit, AOC OIG performed an independent assessment of the remaining population of reimbursable cost transactions that were not reviewed during that audit. AOC OIG identified an additional 154 occurrences amounting to \$38,529 in unallowable costs reimbursed to the contractor. The contractor agreed to issue a credit to AOC for these costs. AOC OIG, *Architect of the Capitol Repetitively Reimbursed Small-Dollar Amounts of Unallowable Costs to the Contractor on the Cannon House Office Building Renewal Project*, OIG-AUD-2022-01, at 1, 7 (Mar. 24, 2022).

<sup>27</sup> Response Letter, at 2.

purpose of a statute than the words by which the legislature undertook to give expression to its wishes.”); B-335459, May 8, 2024.

Here, the statutory text was clear. AOC’s House Historic Buildings Revitalization Trust Fund was available “for the revitalization of the major historical buildings and assets of the House of Representatives which the Architect is responsible for maintaining and preserving.” 2 U.S.C. § 1870(b).

We next consider whether AOC’s Cannon project contract complied with this purpose. When assessing whether a contract falls within the authorized purposes of an appropriation, we examine the purpose of the contract as a whole. This generally entails a review of the contract’s scope of work, terms and conditions, and any other indicators of what the government is bargaining for. See e.g., B-332531, Nov. 16, 2023 (reviewing statements of work to determine whether a communications services contract complied with the purpose of the charged appropriation).

The contract at issue here was for a comprehensive renovation of the Cannon House Office Building, a building that houses offices of members of the House of Representatives and a building that AOC is responsible for maintaining. See 2 U.S.C. § 1870(b). The contractor was responsible for furnishing the necessary personnel, material, equipment, services, and facilities to complete construction on the Cannon House Office Building.<sup>28</sup>

The contract also established a mechanism to determine the amount to be paid to the contractor. The contract was, in relevant part, a cost-reimbursement contract. Cost-reimbursement contracts generally allow AOC to pay for the services rendered based on the contractor’s allowable incurred costs to the extent provided in the contract.<sup>29</sup> This method of contracting is used when uncertainties involved in the contract’s performance do not permit costs to be estimated with sufficient accuracy.<sup>30</sup>

Additionally, the contract both contained and incorporated provisions to constrain the contractor’s incurrence and invoicing of costs such that AOC would make only those payments backed by invoices listing costs bearing a sufficient nexus to the

---

<sup>28</sup> Contract, at B.5.4.

<sup>29</sup> AOC, *Contracting Manual*, AOC Order 34–1, at 84 (July 14, 2022) (AOC Contracting Manual).

<sup>30</sup> *Id.* In contrast, a firm-fixed-price contract allows the agency to provide a set price for the contractor that is not subject to adjustment based on the contractor’s cost experience. A firm-fixed-price contract should be used when a fair and reasonable price can be determined at the outset. AOC Contracting Manual, at 83.

contract.<sup>31</sup> Specifically, the contract defines “costs” as “[a]llowable costs in accordance with Part 31 of the Federal Acquisition Regulation (FAR) in effect on the date of this Contract.”<sup>32</sup> Part 31 of the FAR<sup>33</sup> prescribes the procedures to determine whether costs are allowable and the process for accounting for unallowable costs. See 48 C.F.R. pt. 31. For a cost to be allowable, it must comply with a number of requirements, including reasonableness, allocability, terms of the contract, and any limitations specified in subpart 31.2 of the FAR. 48 C.F.R. § 31.201-2; see also B-324146, Sept. 12, 2013 (discussing contracting officer’s discretion to determine allowability under the FAR). A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. 48 C.F.R. § 31.201-3. Reasonableness depends on a variety of considerations and circumstances including the contractor’s responsibilities to the government. *Id.* A cost is allocable to a government contract if it is incurred specifically for the contract, benefits the contract and other work in a manner that can be proportionally distributed, or is necessary for the overall operation of the business. 48 C.F.R. § 31.201-4.

In addition to the FAR provisions incorporated by reference, the contract also contains explicit provisions on the allowability of certain costs. For instance, the contract expressly states that “travel shall not be reimbursed” except as provided in a few narrow exceptions.<sup>34</sup> The contract also specifies that the capital cost of money is an unallowable cost.<sup>35</sup> These provisions aim to ensure that the amount ultimately paid to the contractor is commensurate with the costs actually incurred in furtherance of contract.

Taken together, the contract’s stated purpose, the description of the design and construction services to be rendered, and the provisions permitting payment only for invoiced costs with a sufficient nexus to the contract, make clear that the overarching purpose of the Cannon project contract was to revitalize the Cannon

---

<sup>31</sup> See, e.g., Contract, at C.6.N (defining costs covered by the contract).

<sup>32</sup> *Id.*; AOC OIG 2021 Report, at 27–35 (providing relevant excerpts of the contract and FAR).

<sup>33</sup> As a legislative branch agency, AOC is not subject to the FAR. See 41 U.S.C. § 1121(c) (FAR applies only to executive agencies); 41 U.S.C. § 133 (defining “executive agency”). However, AOC sometimes incorporates FAR provisions into its contracts by reference, as done in the contract at issue here. Additionally, AOC’s contracting manual, which sets forth current laws and regulations applicable to AOC, includes guidelines on topics similar to those included in the FAR. See *generally* AOC Contracting Manual.

<sup>34</sup> Contract, at B-3.

<sup>35</sup> Contract, at 104.

House Office Building. As such, the purpose of the contract was consistent with the purpose for which Congress appropriated amounts to the House Historic Buildings Revitalization Trust Fund.

We next turn to AOC's expenditure of funds under the Cannon project contract. On a monthly basis, the contractor would submit an invoice to AOC along with supporting documentation showing the contractor's actual costs incurred and the work completed.<sup>36</sup> After making any necessary revisions, AOC would approve the invoice and disburse funds to the contractor.<sup>37</sup> Thus, under the payment process the parties established in the contract, the contractor's incurred costs, together with supporting documentation, helped establish the amount AOC paid for each invoice.

Nonetheless, this payment process did not change the purpose for which AOC made each payment. This purpose was not to procure articles that the contractor may have itemized in its invoice or in associated documentation but, instead, was to satisfy the contractual liability AOC incurred to revitalize the Cannon House Office Building. Cost-reimbursement is one of a wide selection of contract types available to AOC, which may award a contract of this type after proper consideration of a variety of factors.<sup>38</sup> AOC's consideration of these factors, its selection of this contract type, and its payment of particular invoices did not, standing alone, determine whether particular appropriations were available to incur obligations for the contract or to make the payments. Rather, with each expenditure, AOC fulfilled its responsibility under the contract to pay for the design and construction services that it had bargained for. As such, AOC's monthly payments reflected the liquidation of an authorized obligation, in line with the purpose of its appropriation.

Nevertheless, we recognize that AOC ultimately paid some invoices that itemized costs AOC OIG has identified as unallowable, such as travel, food, worker appreciation gifts, and research.<sup>39</sup> The ultimate determination of whether these costs are unallowable resides with AOC's contracting officer. The contractor's invoice itemizing these costs and AOC making these payments does not change the purpose for which the agency made the payments. With each payment charged to

---

<sup>36</sup> Pay Application Narrative.

<sup>37</sup> *Id.*

<sup>38</sup> AOC Contracting Manual, § 8.1.1(b) (listing some factors that a contracting officer should consider in selecting the contract type); *id.* § 8.1.3(a) (stating that cost-reimbursement contracts should be used in the face of particular uncertainties involved in contract performance that do not allow for sufficient accuracy in estimating costs).

<sup>39</sup> Selected Transactions; 2021 AOC OIG Report, at 9.

House Historic Buildings Revitalization Trust Fund, AOC liquidated its obligation for a design and construction contract. Thus, AOC complied with the purpose statute.

Although the payments AOC made to the contractor did not, in this case, violate the purpose statute, they do raise an issue of contract administration. Under AOC policy, contract administration is the “management of a contract from the time of award through its expiration and close out.”<sup>40</sup> Among other things, contract administration aims to ensure that the contractor performs according to the contract and that AOC receives the services or construction procured in the contract.<sup>41</sup> It is through contract administration, not the purpose statute, that AOC has authority and responsibility to identify and correct deficiencies in contract execution.

Whether AOC may recover for the erroneous amount paid raises a matter of contract administration that the AOC contracting officer has authority to pursue, subject to review by the cognizant board of contract appeals.<sup>42</sup> Accordingly, we will not further address the matter here. See B-410998, Apr. 14, 2015, at 10 (“we generally do not review matters of contract administration, which are within the discretion of the contracting agency and for review by a cognizant board of contract appeals or court”).

## CONCLUSION

AOC complied with the purpose statute when it obligated its House Historic Buildings Revitalization Trust Fund for a design and construction contract to renovate the Cannon House Office Building and when it subsequently liquidated that obligation by making payments to the contractor. During Phase 1 of the Cannon project, AOC made payments to the contractor based, in part, on unallowable costs. Whether AOC may recover from the contractor for those unallowable costs is a matter of contract administration.



Edda Emmanuelli Perez  
General Counsel

---

<sup>40</sup> AOC Contracting Manual, at 126.

<sup>41</sup> *Id.*

<sup>42</sup> See Contract, at 161 (providing for the resolution of disputes); AOC Contracting Manual, at 132–134 (describing AOC policies pertaining disputes and appeals arising from AOC contracts). The Contract Appeals Board within GAO is the cognizant board of contract appeals for matters arising from AOC contracts. See Pub. L. No. 110-161, div. H, title I, § 1501, 121 Stat. 1844, 2249 (Dec. 26, 2007), as amended, 31 U.S.C. § 702 note.